

MEMORANDUM TO: Mayor and City Council

FROM: David B. Humpton, City Manager *DH*

DATE: July 6, 2006

SUBJECT: Residential Redevelopment

While some redevelopment of existing multi-family housing has been a long term goal of the City of Gaithersburg as outlined in Strategic Direction #5, the senior staff and I have real concerns about the pace, impact, and number of potential redevelopments on the horizon.

#### **Comprehensive Affordable Housing Policy-Status**

One of our concerns is that the City has not yet completed work on a comprehensive affordable housing policy. While we have had a number of productive work sessions, there is no legal requirement that developers incorporate moderately priced dwelling units or work-force housing units into a development.

At this point, staff is recommending that the Mayor and City Council consider adopting a rather broad MPDU/work-force housing ordinance that establishes the basic developer obligations and a more detailed regulation pursuant to Section 2-6 of the City Code to address the more technical aspects of the program. This is a high priority of staff, but given the complexity of the proposed ordinance and regulation, I believe it will take a few more months and at least one more work session prior to having the ordinance ready for introduction.

#### **Relocation Assistance**

Additionally, some Council Members have expressed concerns that the relocation assistance provided by Chapter 53A of the County Code (two month's rent) is not adequate to assist tenants who are displaced by redevelopment. As you know, we were able to negotiate three and a half (3 ½) month's rent in relocation assistance for the West Deer Park Apartments redevelopment, but this may not always prove feasible by negotiation. Staff is recommending that the Mayor and City Council consider amending our Landlord Tenant Code to provide an additional one and one half (1 ½) month's rent assistance.

#### **Short-Term Moratorium**

At this point, it may be advisable for the Mayor and City Council to consider a short-term moratorium on redevelopment to give the Mayor and City Council the opportunity to complete work on the MPDU/work-force housing ordinance and the relocation assistance ordinance.

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I asked staff to have a moratorium ordinance available because it is the only way to provide certainty that future redevelopment of existing multi-family housing in the City of Gaithersburg will have an affordable housing component. In the event the Mayor and City Council do not want to consider a redevelopment moratorium, staff will complete work on the draft affordable housing ordinance as quickly as possible and then present it to the Mayor and City Council for consideration. In the interim, we will continue to attempt to incorporate affordable housing into any proposed redevelopments. I would point out that, without an ordinance, negotiations can be more difficult when projects are redeveloped in a Euclidian zone. City Attorney Borten has prepared the attached draft ordinance which would create a short term moratorium of redevelopment of multi-family dwelling units in the R-18, R-20, R-H, CD, RPT, and MXD zones.

**Exemption of CBD Zone Proposed**

Please note that, as drafted, the ordinance would not prevent redevelopment in the CBD zone because the City recently went through a very public process beginning with the Fall 2004 Olde Towne Revitalization Charrette that resulted in the adoption of the Olde Towne Master Plan that clearly encouraged redevelopment of multi-family housing in Olde Towne. If the Mayor and City Council no longer believe such redevelopment is in the public interest, we certainly could include the CBD zone in any moratorium.

I will be seeking guidance on this issue during the July 10, 2006 Mayor and City Council meeting. If you have any questions or wish to discuss this matter please let me know.

dbh/sp

Attachment

cc: Fred Felton, Assistant City Manager  
Tony Tomasello, Assistant City Manager  
Cathy Borten, City Attorney

DRAFT

ORDINANCE NO. \_\_\_\_\_

ORDINANCE DECLARING A ONE HUNDRED AND TWENTY (120) DAY  
MORATORIUM ON REDEVELOPMENT OF MULTI-FAMILY DWELLINGS IN THE R-18,  
R-20, R-H, CD, RPT, AND MXD ZONES.

WHEREAS, numerous existing multi-family rental communities are under contract for sale and potential redevelopment; and

WHEREAS, the Mayor and City Council have determined that the assistance provided under Chapter 53A of the Montgomery County code are not adequate to prevent hardship to tenants displaced by redevelopment involving demolition; and

WHEREAS, the Mayor and City Council have determined that it is in the public interest to adopt an affordable housing ordinance before any additional multi-family dwellings are redeveloped; and

NOW, THEREFORE, BE IT ORDAINED by the Mayor and City Council of the City of Gaithersburg, that a One Hundred and Twenty (120) Day moratorium on redevelopment of multi-family dwellings is hereby adopted subject to the following:

- A) During the moratorium period, no development applications that would result in the demolition of existing multi-family dwellings will be accepted, processed, scheduled for public hearing, or acted upon.
- B) The moratorium period may be extended up to Sixty (60) Days by Resolution of the City Council.
- C) The Mayor and City Council may by Resolution terminate the moratorium prior to the expiration of the original One Hundred and Twenty (120) day period or prior to the expiration of any extension period upon a finding that the purposes to be accomplished by the moratorium have been achieved or that it is in the public interest to so terminate.
- D) The Mayor and City Council may exempt any property from this redevelopment moratorium by Resolution upon request of the property owner if it is determined that:
  - a. the particular redevelopment is in the public interest due to the ability to prevent or eliminate decay, slums or blight in a neighborhood; and
  - b. the redevelopment will no longer be feasible if subject to the One Hundred and Twenty (120) day moratorium; and
  - c. the imposition of the moratorium will result in substantial financial hardship on the applicant.

- E) This moratorium shall not be effective as to any proposed redevelopment plan which is submitted to carry out the terms and conditions of an annexation agreement which would otherwise be subject to the redevelopment moratorium.

ADOPTED by the City Council this \_\_\_ day of \_\_\_, 2006.

\_\_\_\_\_  
SIDNEY A. KATZ, MAYOR and  
President of the Council

DELIVERED to the Mayor of the City of Gaithersburg this \_\_\_ day of \_\_\_, 2006.  
APPROVED/VETOED by the Mayor of the City of Gaithersburg this \_\_\_ day of \_\_\_, 2006.

\_\_\_\_\_  
SIDNEY A. KATZ, MAYOR

THIS IS TO CERTIFY that the foregoing Ordinance was adopted by the City Council of Gaithersburg, in public meeting assembled, on the \_\_\_ day of \_\_\_, 2006, and the same was approved/vetoed by the Mayor of the City of Gaithersburg on the \_\_\_ day of \_\_\_, 2006.

This Ordinance becomes effective on the \_\_\_ day of \_\_\_, 2006.

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David B. Humpton, City Manager